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SOUTHWEST GAS CORPORATION

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November 2, 2006

AZ CORP COMMISSION
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Docket Control Center
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

Re: **Docket Nos. G-01551A-05-0885 and E-01933A-05-0885**

The Arizona Corporation Commission (Commission), in Decision No. 68390, approved a Special Gas Procurement Agreement (Agreement) between Southwest Gas Corporation (Southwest) and Tucson Electric Power Company (TEP). In subsequent years, the Commission has approved yearly extensions of this Agreement; the Commission's most recent authorization of the Agreement extends through December 31, 2006. Southwest herewith submits for the Commission's review and approval a month-to-month extension of the existing Agreement, and its provisions, including pricing, that was previously approved by the Commission.

Southwest's proposal would extend the current pricing provisions on a month-to-month basis beginning January 1, 2007. The current Agreement already provides for month-to-month extensions. Although, Southwest and TEP have been diligently negotiating a new Agreement that will provide benefits to both utilities and their customers, the Agreement has not been completed, and negotiations will likely not conclude until the outcome of various El Paso Pipeline Company FERC proceedings are determined, either through settlement or litigation. Once negotiations have been completed and the new Agreement finalized, Southwest will make the necessary filing with the Commission for approval.

Southwest herewith submits an original and fifteen (15) copies of this request. Southwest respectfully requests that the extension be permitted to become effective January 1, 2007. To the extent that this request falls under the "30-day time clock" applicable to tariff changes, Southwest would waive the 30-day clock and request this matter be placed on the Commission's regularly scheduled December 2006 Open Meeting.

If you have any questions or require any additional information, please contact me at 702-876-7163.

Respectfully,

Debra S. Jacobson, Director
Government & State Regulatory Affairs

c Ernest Johnson, ACC
Robert Gray, ACC
Brian Bozzo, ACC

Arizona Corporation Commission
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